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TAGS: [PGOV](#) [PREL](#) [IR](#) [AF](#) [PK](#) [FR](#)
SUBJECT: STAFFDEL KESSLER ENGAGES THE FRENCH ON IRAN,
SANCTIONS AND AFGHANISTAN

REF: 09 PARIS 1671

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11. (C) Staffdel Kessler, representing the House Committee on Foreign Affairs, visited Paris January 12-14 to engage French officials, non-government entities and the private sector regarding Iran, sanctions, non-proliferation and Afghanistan.

With a main focus of discussing potential U.S. sanctions legislation related to Iranian efforts to develop weapons of mass destruction, the staffdel heard from a wide spectrum of French players. Most of the opinions supported USG efforts as France has been a strong ally, especially regarding Iran and Afghanistan. While the usefulness of sanctions continues to be debated, French officials said their government was moving forward with haste, and bringing the European Union (EU) with it, to prepare enhanced sanctions against Iran. Even the French political opposition appears on board with this plan. While challenges abound in Afghanistan, the Government of France (GOF) remains firmly committed to NATO's mission there. Total company senior representatives explained to the staffdel members that its activities in Iran are completely legal, small in scope and that it has not been able to complete its buy out program there due to foot-dragging by the Tehran regime. Highlights of Staffdel Kessler's meetings in Paris are as follows. End summary.

IRAN: OFFICE OF THE PRESIDENT'S VIEW

12. (S/NF) In a January 13 meeting with members of Staffdel Kessler, Francois Richier, Strategic Affairs Advisor to President Sarkozy, addressed the issue of imposing enhanced sanctions against Iran. Richier explained that the GOF was developing a package of measures that largely targeted the Iranian Revolutionary Guard Corps because of its economic holdings and its role as a weapons proliferator. This package would include:

--Finance - The GOF is willing to include the Iranian Central Bank in targeted sanctions, most likely through some of its subsidiary bodies. Paris is also trying to target an Iranian Sovereign Wealth Fund which it recently learned has a branch in Germany. France would also seek to impose sanctions that would cut Iran's ability to conduct "correspondent banking."

--Transport - These sanctions would ban Iranian ships from ports and harbors in Europe. The French envision the possibility of enhanced sanctions that would trace Iranian ships that have been re-flagged to obscure their origin. In addition, Iranian air cargo planes would be banned from EU airports.

--Insurance and re-insurance - Given the limited number of actors in the re-insurance industry, France believes prohibiting re-insurance coverage in Iran would be an

effective sanction.

--Oil and Gas - Paris proposes a ban on technical cooperation and investment in Iran, as well as prohibiting exports of refinery equipment and spare parts for oil and gas industries.

¶3. (S/NF) Richier said he expects the EU will agree to "complement" any eventual UN Security Council Resolution (UNSCR) and France hopes for a short timeline to secure a new UNSCR in early February before securing approval at the Council of EU Foreign Ministers later that month. Richier said that we will have to decide whether to accept grudging Russian concessions in order to get a UNSCR that may be weak and limited, or whether to "waste time" trying to lobby for a UNSCR that will be, at best, only marginally better. Richier noted that it would be helpful if the U.S. Congress did not act on sanctions legislation at least until the UNSCR debate is concluded and he said it might be best to have U.S. sanctions legislation reference the new UN resolution. Regarding potential Chinese opposition, he hoped for agreement on a new UNSCR (as the prior ones were unanimous), but would accept a simple abstention. Richier expects Russia will support the measure because the Russians were "shocked" by the discovery of the uranium enrichment site in Qom. Nevertheless, the Russians still need time to adjust their thinking to this reality.

¶4. (S/NF) European countries face three main difficulties in deciding on sanctions against Iran, according to Richier, and he outlined them as follows:

--Most European countries want a UN framework, including a new UNSCR. Richier pointed out that a signal from the Obama administration that we are also prepared to move forward

would be very helpful.

--Determining the nature of sanctions: Some EU countries want to put the UN decision into EU law, but the French want to go beyond that and target different sanctions that we are unlikely to get from the next UNSCR.

--Some countries simply hesitate to support sanctions for a variety of reasons, whether protecting their own economic interests, or on ideological grounds. This is manageable, but complicated by individual circumstances, according to Richier.

¶5. (S/NF) The GOF remains concerned about enforcing sanctions with Brazil and Turkey, said Richier, because both have considerable ties to Iran. He said that Turkey has made clear it does not want to suffer economically, as it has in the past. Richier noted France's concern over Turkey's "regional policy" towards Iran, whereas it views Brazil's engagement as being more naive and possibly based on misinterpretation of the Obama decision to try engagement first (without Brazil knowing what limits on that engagement should be).

¶6. (S/NF) Richier was skeptical that sanctions aimed at exporters of refined oil to Iran would be effective, although the GOF has pushed for this, because such a policy would require a verification mechanism requiring an investment of military ships along Iran's long coastline and other resources. Richier believes such a policy would send a signal to exporters worldwide, but it would be too hard to implement, and would likely only dissuade the honest exporters. When asked about French oil company Total and pending U.S. congressional legislation, Richier replied Total has not made new investments in Iran, although it is involved in a buy-back arrangement and said sales of Total's refined products in Iran are declining.

IRAN: MFA SHARES ELYSEE'S VIEWS

¶7. (S/NF) On January 14, Martin Briens, the Foreign

Ministry's DAS-equivalent for Non-Proliferation, largely confirmed what Richier had said, but he provided additional information. Briens also highlighted French ambitions to get a new UNSCR approved and implemented at the February 25 Foreign Ministers meeting. However he said "tough and fast" in the UNSC was unlikely, so we would probably have to settle for fast. A total arms embargo, which Russia had previously opposed but China had not, would be a major victory, assuming Russia actually supported it.

¶18. (S/NF) Briens asserted that the June election in Iran and its aftermath had "changed the equation" within the EU with respect to Iran. He allowed that pending U.S. measures will "also enter into the equation." Several countries besides France, including Spain, have come to the conclusion that it is time to move from sanctions that specifically target proliferation activities to ones that have a broader impact. Given the delays in implementing the last UNSCR on Iran, France and close partners had received EU approval to prepare modalities of implementation "in parallel" to negotiations in the UN. The GOF has come to the view that the EU should take "autonomous" measures that are not merely a magnified application of UNSCRs, but it is still unclear how far EU partners would go in this direction. France has noted the UK's adoption of a process to designate individual foreign entities for sanctions and it is now considering doing the same. The GOF also believes that national governments can do more through Financial Action Task Force decisions made by the G8.

¶19. (S/NF) In addition to the potential package of sanctions outlined by Richier (para 2), Briens said the GOF wants the EU to:

--Impose a "prior authorization" approach on all Iran Central Bank transactions which would allow truly sovereign operations by the Central Bank to be approved, but it would allow greater scrutiny and control, and would slowdown the processing of transactions.

--Cast a wide net in banning/targeting IRGC persons and entities.

--Ban trade in equipment for internal repression and identify people involved.

Briens shared Richier's doubts on the efficacy of trying to block refined petroleum products ("the bad guys will just get rich") but the technology and parts for the oil and gas

sectors, especially for refining should also be denied to Iran. Finally, on the issue of gaining China's participation, he suggested emphasizing regional stability and recruiting countries in the region to put pressure on China as well.

AFGHANISTAN: KARZAI NEEDS TO
FOLLOW UP ON INAUGURATION SPEECH

¶10. (C) On January 14 Jasmine Zerini, head of the GOF's interagency Afghanistan-Pakistan cell, acknowledged that public opposition in France to the troop presence in Afghanistan has grown steadily over the past several years, but that this has not resulted in calls for withdrawal or even a significant change in strategy. Regarding coordination between the International Security Assistance Forces, Zerini said that there had been a great deal of improvement, but that the approach was still too fragmented. She said that France has recognized for the past year that the forces stationed in the north of the country were unable to handle the growing insurgency there. General McChrystal understands this, she added, but this has not translated into action.

¶11. (C) On civilian assistance, Zerini said U.S. and French plans to deploy more civilians are unlikely to bear fruit, because ultimately only the Afghans themselves can bring

effective development. However, she opined, the Karzai administration has not shown that it is capable of doing this. Although Karzai's inauguration speech in November was a good first step, he has done nothing since then. Therefore, she said, the London conference is coming far too early - the goal of London was to renew our partnership with Karzai, but this is difficult without a real roadmap for progress from the Afghans.

PAKISTAN: REINFORCING POLITICAL RELATIONS

¶12. (C) Zeroini said France is working to reinforce its political relations with Pakistan, and was expecting President Sarkozy to visit Pakistan "early in the second quarter" of 2010. The GOF does not want to return to a relationship based on military equipment sales, as in the 1980s, and is instead focusing on counter terrorism in addition to economic and trade links. France is also trying to support an EU-Pakistan dialogue, but she said Pakistan makes it difficult by rejecting conditionality and attempting to focus exclusively on economic issues. Zeroini said the Pakistani government is eager for trade concessions, but does not want any political dialogue unless it is focused on Kashmir.

¶13. (C) On the role of the Pakistani military, Zeroini said General Kayani has "learned the lesson of Musharraf" and was staying behind the scenes. However, he is manipulating the government and parliament, including to prevent change on Pakistan's policy towards Federally Administered Tribal Areas (FATA) along the Afghan border, and also to stir up controversy regarding the Kerry-Lugar bill that ties continued U.S. aid to increased civilian control of the military. Zeroini also argued that the west had missed its opportunity to push the Pakistani military to crush the Afghan Taliban taking refuge in Pakistan. Citing Jalaladin Haqqani as an example, Zeroini said in 2004 he had standing as a leader in the jihadi community, but did not have the organization to represent a significant military threat. However, since then, large amounts of funding, predominately from Gulf donors, have allowed Haqqani to create a network that would be difficult for the Pakistani military to defeat, even if it had the will to do so.

¶14. (C) Zeroini said that bilateral measures alone to strengthen civilian government were unlikely to be effective, and that more coordination was needed among donors, especially the United States. She said the Group of Friends of Democratic Pakistan, while imperfect, was designed to transform Pakistan's political elite and give them more leverage over the military. However, Zeroini said it is not being utilized. She said the U.S. was making significant efforts to help develop Pakistan's energy sector, but she added "I have not seen any of this in the energy working group of the Friends of Democratic Pakistan."

THE FRENCH LEFTIST OPPOSITION

¶15. (C) Staffdel members met opposition figures from the French Parliament and Senate including Deputy Pierre Moscovici (former Minister of European Affairs), Senator

Jean-Pierre Chevenement (former Minister of Defense), Senator Monique Cerisier ben Guiga (author of "Going Nuclear in the Middle East"), and Deputy Jean-Michel Boucheron to learn their views on Iran and the Middle East Peace Process. With respect to Iran, the group generally thought President Sarkozy's tone had been too harsh and they supported giving dialogue more time to bear fruit. Moscovici was the most alarmed at the prospect of Iran acquiring nuclear weapons capability and he emphasized that he would not rule out any means in dealing with it. Boucheron and Cerisier ben Guiga accepted the prospect of a nuclear-armed Iran with equanimity because they felt Iran was only seeking to enhance its power rather than seeking to use nuclear weapons for hostile purposes, while Boucheron was more concerned that the West's

focus on this issue was preventing movement on a host of other issues where Iran might be helpful, including Iraq, Afghanistan, Lebanon and Gaza. Chevenement said he was prepared to support sanctions on Iran, but he argued that achieving progress towards peace between the Israelis and Palestinians would be the most effective way of improving relations with the Iranian regime.

¶16. (C) The group generally agreed that the USG was not moving fast enough on the Middle East peace process. Moscovici thought President Obama could both be a friend to Israel, as well as being firm when necessary. The opposition members said the USG was not putting enough pressure on Israel and that the temporary settlement freeze announced by the Nentanyahu government is inadequate. The group's expectations for what the Obama Administration could accomplish in the Middle East were high, and the perceived absence of concrete results could lead to disappointment on the French left.

FRENCH ENERGY MAJOR TOTAL IN IRAN

¶17. (C) Total's Vice President for International Relations Hubert des Longchamps told staffdel members that the company's current activities in Iran are legal. Much in line with recent statements (see reftel), Longchamps said Total's focus is on recouping funds, in the form of cash payments, from previous investments in the development of Iran's oil and gas blocks. He added that Total has no operational responsibility in the South Pars field, and talks to finalize buy-back arrangements to reimburse Total a "few hundred thousand dollars" should have ended in 2008. In addition, Total provides limited technical services to the Iranians to safeguard its remaining property interest. Longchamps said to walk away from these interests would only reward the Tehran regime. He added that Total from "time to time" sells excess gasoline supplies to Iran when demand drops in Europe. Longchamps did not quantify the value of this trade, but he said if such deals carried a high political risk, Total was willing to forego the business. He reiterated that there is no existing regulation prohibiting such sales, and if Total withdrew entirely from the refined petroleum product markets, the Indians, Koreans, and Chinese would remain active players.

18 (C) Like other energy companies, Total plans to return to Iran in the future when the political situation improves, Longchamps explained. Therefore, Total offers financial support to local communities to develop social and medical projects. These programs help maintain a dialogue with the Iranian society and is a channel of communication that Total wants to keep open. He pointed out that Total has not violated any U.N., EU or French laws. Longchamps cautioned the U.S. against imposing sanctions in Iran because they would hurt typical Iranians without impacting the political leadership. When the Total Vice President asked the staffdel if pending U.S. legislation could penalize energy companies for selling refined petroleum to Iran, staffdel members responded the legislation could possibly impact Total's recent shale-gas investments in the U.S.

THINK TANK: EFFECTIVENESS OF SANCTIONS

¶19. (C) French officials are divided over the effectiveness of sanctions as a response to Iran's continued pursuit of nuclear enrichment, according to Bruno Tertrais, senior researcher at the Foundation for Strategic Research (a think tank focusing on international security and defense issues whose main client is the GOF). Tertrais told staffdel members that he believes sanctions can be efficient, but he noted the importance of defining the end goal. He stated the purpose of sanctions on Iran is not to stop the nuclear program immediately but to exert pressure on the regime and to elicit a gradual change. He listed the successful use of sanctions in the past on four different countries -- South

Africa, Libya, Iraq, and North Korea -- the fact that sanctions on Iran have put a strain on its imports, and the accelerated debate within Iranian leadership as factors that back the argument that sanctions can be effective. He caveated his statements throughout the meeting by saying sanctions would be ineffective if nothing was done to address the black market and business circuits to Dubai. Regarding the GOF's stance on sanctions, Tertrais noted that the Office of the Presidency (Elysee) was more supportive of further sanctions and mindful of strategic issues than the MFA, which tended to take a regional approach and be more dovish. Tetrais stated that the history of the late 1980s showed that the more pressure foreign governments placed on the Tehran regime, the more the Iranians backed down.

¶20. (C) Embassy comment: Staffdel Kessler's engagement with a broad audience on these issues helped advance our mutual understanding of the challenges and strategies to advance our common interests in Iran and Afghanistan, and on the effectiveness of sanctions.

¶21. (U) Staffdel Kessler did not clear this cable.
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